

495—2.2(97B) Calculation of investment management expenses limit. For purposes of determining that IPERS' investment management expenses do not exceed four-tenths of one percent (0.40%) of the market value of the retirement fund, the amount appropriated under Iowa Code section 97B.7(3) "d," market value and investment management expenses shall be determined as follows:

2.2(1) Determination of market value. The calculation of market value as of any single date shall be performed by IPERS' investment staff using generally accepted accounting principles. For purposes of this subrule, market value shall be defined as the average of the quarterly ending market values for the fiscal year.

2.2(2) Investment management expenses shall include:

a. Fees paid to advisory, management and consulting firms for the purpose of planning and executing the investment of the assets of the retirement fund;

b. Fees and costs for the safekeeping of fund assets;

c. Costs of monitoring:

(1) The performance and compliance of retirement fund investments, and

(2) The performance and compliance of advisory, management or consulting firms hired for the purpose of planning and executing the investment of the assets of the retirement fund;

d. Costs of board meetings;

e. Costs of board members' travel and education;

f. Costs of IPERS' investment staff salaries, benefits, travel and education;

g. Costs of any additional external legal, accounting or professional services authorized by the chief investment officer for the purpose of carrying out the requirements of Iowa Code sections 97B.7 and 97B.7A; and

h. Such other fees or costs as may be determined by the chief investment officer to be appropriately included by industry practice in the calculation of investment expenses.

2.2(3) Investment management expenses shall not include:

a. Fees or costs that are capitalized in the cost of an investment including, but not limited to, fees paid to general partners in limited partnership investments, acquisition and closing fees for real estate investments, and brokerage commissions paid in purchasing and selling investment assets.

b. Fees or costs that are netted against the income of commingled investment funds.

c. Attorney fees, court costs, judgments, settlements, fines, penalties and similar costs of litigation or regulatory action relating to the investment of the assets of the retirement fund.

d. Such other fees or costs as may be determined by the chief investment officer to be appropriately excluded by industry practice from the calculation of investment expenses.